CITY OF
TORONTO

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CITY AUDITOR

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ST. LAWRENCE CENTRE FOR THE ARTS

Report on the audit
of the books and accounts
for the year ended December 31, 1983

CITY OF TORONTO

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AUDIT DEPARTMENT
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August 15, 1984

Mayor Arthur C. Eggleton,
and Members of the City of Toronto Executive Committee,
City Hall.

St. Lawrence Centre for the Arts

I have examined the books and records of the Board of Management of the St. Lawrence Centre for the Arts for the year ended December 31, 1983 and my report thereon is submitted herewith.

Attached hereto are the following financial statements which set forth the financial results of the Board's operations:

Table 1 - Balance Sheet as at December 31, 1983.

Table 2 - Statement of Revenue and Expenditure for the year ended December 31, 1983.

General Comments

By-law No. 367-73 (passed December 7, 1973) as amended by By-laws No. 14-74 (passed January 24, 1974) and No. 451-82 (passed July 9, 1982) established a Board of Management for the St. Lawrence Centre for the Arts. Among other things, the By-laws provide:

(a) The maintenance, operation and control of the Centre shall be exercised by the Board, but nothing herein shall authorize the Board to engage actors, or undertake theatrical or other productions.

(b) The Board shall, as soon as possible after the end of each fiscal year, pay to the City all revenue that is derived by the Board from the management of the Centre during such fiscal year, in excess of the moneys required to pay all the charges, costs and expense resulting from or incidental to such management.

Comments on the Balance Sheet - Table 1

Accounts Receivable - $376,843:

This includes a balance of $50,000 due from the Province of Ontario and $55,000 due from the federal government for contributions towards the cost of a computerized system installed at the Centre in 1983.

Accounts Payable - Sundry Suppliers - $237,247:

This amount includes $14,724 with respect to advance rental payments and $85,778 owing to various lessees for proceeds from ticket sales.

Deferred Income - $1,814:

This is the unexpended income from the Vida Peene Estate bequest which has been deferred to provide for future expenditures to be authorized by the Board. Income during the year consisted of the deferred portion amounting to $6,416 from 1982, a further distribution of income of $10,366 under the provisions of the Will and interest earnings of $494 on unexpended funds held by the Centre. In 1983, an amount of $15,462 was expended out of the moneys obtained through this legacy.

Victor C. Polley Scholarship Trust Fund - $7,219:

The Board of Management of the St. Lawrence Centre for the Arts was appointed as trustee for the above fund, which was registered as a charity in 1981 and which was created for the purpose of awarding a scholarship annually to a deserving student of Arts Management or Arts Administration.

Income received during 1983 amounted to $974 from interest earnings and no expenditures were incurred during the year.

Comments on the Statement of Revenue and Expenditure - Table 2:

The operations for 1983 resulted in a deficit of $47,851 which was attributable to the following budget variances:

Salaries and benefits	$(77,675)	Over budget
Computer expenses	(16,284)	" "
Building maintenance	19,059	Under "
Other operating expenses	9,323	" "
Bar operations (gross profit)	2,891	Over "
Federal and Provincial grants	51,393	" "
Other operating revenues	(36,558)	Under "
	$(47,851)	

The surplus of $25,581 from 1982 operations was not paid to the City in 1983, leaving an accumulated net deficit of $22,270 as at December 31, 1983.

Lease Commitment:

Future outlays, totalling $68,649 over the next approximate five year period will be required under agreements entered into by the Board for the leasing of equipment, etc., required for the operations of the Centre.

Refurbishing Project:

The financial statements of the Board of Management do not reflect the financial operations of the St. Lawrence Centre Transformation Fund. The affairs of this fund are managed by a separate organization, representing both the St. Lawrence Centre and the Centre Stage Company (formerly Toronto Arts Productions), which is responsible for conducting a campaign to raise funds to assist in financing the cost of building renovations which have been undertaken by the City.

Capital expenditures for building renovations, as reflected in the City's capital works in progress account, show a gross expenditure of $5,682,538 as at December 31, 1983 with recoveries from provincial grants ($1,700,000), federal grants ($450,000), transformation fund ($367,000) and interest earnings ($42,164) from short term investments of grant moneys.

Included in the aforementioned expenditure is an amount of $192,933 for furniture and equipment and which has been recorded in the Centre's accounts for purposes of inventory control. The remaining expenditure for building improvements and recoveries relating to the project are not reflected in the financial statements submitted herewith.

General Matters:

In reporting on the 1983 accounts of the Centre, it is necessary to comment on the unsatisfactory manner in which the accounts were presented for audit purposes and which required many adjusting entries as a result of audit findings.

In the case of the box office, certain accounts remain unreconciled and complete verification of these balances, which are reflected in the financial statements submitted herewith, was not possible.

Throughout 1983, the posting of accounting records and the reconciling of account balances were continuously in arrears. This situation was largely attributable to the implementation of a computerized box office system and to inadequate staffing of accounting functions. Disruptions of office routines caused by major renovations of the premises together with staff turnovers were also contributing factors.

An organization study of the Centre by the City's Management Services Department has identified the problems in both the accounting and box office operations and has recommended remedial action to be taken by the Board of Management.

CONCLUSION:

I have examined the Balance Sheet of the Board of Management of the St. Lawrence Centre for the Arts as at December 31, 1983 and the Statement of Revenue and Expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances except as explained above under the heading 'General Matters' regarding the box office accounts.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself with respect to certain balances of the box office accounts, these financial statements present fairly the financial position of the Board as at December 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. Rabinowitz

J. Rabinowitz, C.A.,
City Auditor.

Table 1

ST. LAWRENCE CENTRE FOR THE ARTS

Balance Sheet
as at December 31, 1983
(with Comparative Figures as at December 31, 1982)

A S S E T S

		1983	1982
Cash on hand and in bank		$ 90,727	$115,215
Accounts receivable		376,843	154,829
Inventories, at cost		31,288	13,053
Prepaid expenses		10,500	1,566
Inventory of furniture and equipment		608,511	168,611
		$1,117,869	$453,274
Victor C. Polley Scholarship Trust Fund: Cash in bank		7,219	6,245
		$1,125,088	$459,519

L I A B I L I T I E S

Accounts payable			
- City of Toronto	$292,567		
- Sundry suppliers	237,247	$ 529,814	$252,666
Deferred income		1,814	6,416
Current operating surplus (deficit):			
Balance at December 31, 1982	$ 25,581		
Deficit from 1983 operations	(47,851)	(22,270)	25,581
Capital surplus, created by purchase of furniture and equipment out of current funds of the Centre and out of capital funds of the City		608,511	168,611
		$1,117,869	$453,274
Victor C. Polley Scholarship Trust Fund		7,219	6,245
		$1,125,088	$459,519

Table 2

ST. LAWRENCE CENTRE FOR THE ARTS

Statement of Revenue and Expenditure
for the year ended December 31, 1983
(with Comparative Figures for the year 1982)

		1983		1982
Revenue:				
Grants - City of Toronto - Operating		$ 420,822		$367,420
- City of Toronto - Maintenance		534,863		313,850
- Province of Ontario		156,000		754
- Federal Government		55,000		-
		$1,166,685		$682,024
Rentals - Theatre		173,315		-
- Town Hall		90,911		91,539
- Other		6,072		1,915
Bar		149,270		41,038
Sundry		67,231		18,907
Centre Stage Company (formerly Toronto Arts Productions)		56,985		44,782
Vida Peene Estate bequest		15,429		8,530
		$1,725,898		$888,735
Expenditure:				
Salaries and benefits				
Administration	$ 77,039		$ 65,930	
Box office	220,681		119,600	
Accounting	34,532		22,383	
Front of House	146,624		56,924	
Barmen	37,482		8,498	
Security	45,195		38,655	
Benefits	17,924		13,166	
Employment Incentive Program	-	$ 579,477	754	$325,910
Building maintenance				
Furniture and equipment	$322,796		$ 4,752	
Improvements	78,170		-	
Services, etc.	467,492	868,458	333,795	338,547
Other expenses				
Administration	$ 18,521		$ 14,910	
Bad debts	879		530	
Supplies and services	50,801		27,331	
Advertising	42,612		10,221	
Production and publicity	26,792		24,808	
Technical	23,457		8,264	
Bar	82,879		25,020	
Crew Maintenance	51,188		72,177	
Equipment rental and maintenance	24,225		12,897	
Unfunded programs	4,460	325,814	2,539	198,697
		$1,773,749		$863,154
Surplus (Deficit)		$ (47,851)		$ 25,581

POOR

QUALITY

ORIGINAL